

**Attachment 19B - Coding of 8802(F) and On-Top Adjustment for Intra-Entity  
Capitalized Assets Acquired**

**Trading Partners Coding and On-Top Adjustment for Capitalized Assets (8802(F)):**

As discussed in Attachment 19A, where 8802 (F) is used, federal partners must be properly identified. This includes federal partners within DoD as well as those outside DoD. In the past amounts coded 8802(F) with intra-DoD partners have been reclassified to 8802(N) due to a systemic problem with DDRS which prevented our coding them properly. Programming changes have now been made to DDRS to allow for proper coding of 8802(F) transactions within DoD, and effective 4<sup>th</sup> quarter 2005, all reporting entities must adhere to the following guidance to properly report intra-DoD capitalized assets:

Seller transactions (5100(F)/5200(F)), which DDRS has historically associated with only buyer account 6100(F), will now recognize both 6100(F) and 8802(F). Buyers of capitalized assets will adhere to the following procedures:

1. Buyers will post to 6100(F) only amounts from federal partners (at all levels) that have been expensed.
2. Buyers will allocate to 8802(F) amounts from federal partners (at all levels) that have been capitalized into either inventory or fixed assets (or estimate as necessary for level 1 partners).
3. Buyers will post a trading partner to 8801(F) for level 1 partners to offset the 8500(F) difference. Do not code a 8500(F) trading partner for level 1 partners.
4. Buyers will post an additional trading partner assignment, using "Seller Trading Partner Adjustment." For all 8802(F) amounts coded with an intra-DoD seller, buyers will post a seller adjustment to memo account 8500(F), "Capitalized Assets Revenue (Seller Account – for Trading Partner Purposes Only)," and will code with trading partners cited on 8802(F). This will generate a 5100(F), "Capitalized Assets Only" memo account back to the seller, and will keep DDRS trading partners in balance (sellers need take no additional action).
5. Waived entity buyers will provide to the sellers their expenses with the seller (6100(F)) and their capitalized assets with the seller (8802(F)). The seller should include the 8802(F) balance in the 5100/5200(F) balance reported on the Trading Partner Import Sheet.
6. Balances in 8802(F) from intra-DoD sellers will represent a guaranteed difference between federal revenues and expenses, and require adjustment at the next level up for consolidation purposes. Do not prepare a journal voucher to clear the Trial Balance to Trading Partner Difference Report, unless you have reported intra-entity capitalized purchases. The following entries will be posted at the Component Level for intra-entity purchases (note that for purchases from another DoD reporting entity, the on-top adjustment will be made at the DoD-wide Component level by Indy Agency Reporting):

Dr. 5100(F)/5200(F)	Revenue
Cr. 6100(N)/6500(N)	Operating Expenses

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**Note: These procedures also apply to those entities coding all trading partners to Component level, as we still cannot overstate our expenses, and in correcting this you will have a guaranteed out-of-balance that will require the above entry to correct at Component level.**

Sellers that have a 5100(F)(X) Capitalized Assets Only trading partner entry without the Trial Balance do not need to prepare a journal voucher to clear the balance on the Trial Balance to Trading Partner Difference Report, unless your component coded a 8802/8500 entry to themselves which generated a 5100(F)(X) Capitalized Assets Only trading partner entry.

Under no circumstances should a JV entry be made to 5100(F)(X) Capitalized Assets Only. If a seller must post and on-top JV to clear a difference for intra-entity trading, the entry will be as per example above.

Any questions about this guidance should be directed to Cynthia Robinson at [Cynthia.robinson@dfas.mil](mailto:Cynthia.robinson@dfas.mil) or (317)510-7112.